

**16-6a-822 General standards of conduct for directors and officers.**

- (1)
  - (a) A director shall discharge the director's duties as a director, including the director's duties as a member of a committee of the board, in accordance with Subsection (2).
  - (b) An officer with discretionary authority shall discharge the officer's duties under that authority in accordance with Subsection (2).
- (2) A director or an officer described in Subsection (1) shall discharge the director or officer's duties:
  - (a) in good faith;
  - (b) with the care an ordinarily prudent person in a like position would exercise under similar circumstances; and
  - (c) in a manner the director or officer reasonably believes to be in the best interests of the nonprofit corporation.
- (3) In discharging duties, a director or officer is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by:
  - (a) one or more officers or employees of the nonprofit corporation whom the director or officer reasonably believes to be reliable and competent in the matters presented;
  - (b) legal counsel, a public accountant, or another person as to matters the director or officer reasonably believes are within the person's professional or expert competence;
  - (c) religious authorities or ministers, priests, rabbis, or other persons:
    - (i) whose position or duties in the nonprofit corporation, or in a religious organization with which the nonprofit corporation is affiliated, the director or officer believes justify reliance and confidence; and
    - (ii) who the director or officer believes to be reliable and competent in the matters presented; or
  - (d) in the case of a director, a committee of the board of directors of which the director is not a member if the director reasonably believes the committee merits confidence.
- (4) A director or officer is not acting in good faith if the director or officer has knowledge concerning the matter in question that makes reliance otherwise permitted by Subsection (3) unwarranted.
- (5) A director, regardless of title, may not be considered to be a trustee with respect to any property held or administered by the nonprofit corporation including property that may be subject to restrictions imposed by the donor or transferor of the property.
- (6) A director or officer is not liable to the nonprofit corporation, its members, or any conservator or receiver, or any assignee or successor-in-interest of the nonprofit corporation or member, for any action taken, or any failure to take any action, as an officer or director, as the case may be, unless:
  - (a) the director or officer has breached or failed to perform the duties of the office as set forth in this section; and
  - (b) the breach or failure to perform constitutes:
    - (i) willful misconduct; or
    - (ii) intentional infliction of harm on:
      - (A) the nonprofit corporation; or
      - (B) the members of the nonprofit corporation; or
    - (iii) gross negligence.

Amended by Chapter 306, 2007 General Session